



Second-Tier Benefits

*California
Public Employees'
Retirement System*

January 1995

Here is your California Public Employees' Retirement System (CalPERS) member benefit booklet. This two-part booklet tells you about your retirement program. The outside portfolio contains information on contributions, health insurance, and other considerations. The booklet inside tells you about your specific formula and benefits. It will help you choose the best retirement plan for you and your beneficiaries. As you begin to think about retirement, you should get a copy of our brochure *Planning Your Service Retirement* (PERS-PUB-1), available from your Personnel Office or CalPERS.

We urge you to attend a pre-retirement counseling session several months before you retire to help with this decision. Your Personnel Office can help you arrange an appointment at the nearest CalPERS office or with CalPERS staff who travel to your area.

We hope this booklet will help you understand your retirement program and the benefits it provides you and your beneficiaries.

Your Contributions

As a CalPERS member under the second-tier retirement formula, your retirement benefits are fully paid for by your employer's contributions. Although you do not make contributions, you do earn service credit. Your CalPERS Annual Member Statement will reflect service credit you have earned and any contributions you may have on deposit from other CalPERS service.

Changing Jobs

If you leave your present job, you will keep your second-tier service credit with CalPERS if:

1. you have at least 10 years of service credit; or

2. you have at least five years of CalPERS-credited service earned prior to January 1, 1985; or
3. you accept a position covered by the State Teachers', Legislators', Judges', or University of California Retirement System (you must advise CalPERS); or
4. you become a member, within six months of leaving your state job, of a California public retirement system that has reciprocity with CalPERS (you must advise CalPERS). Reciprocity is an agreement between CalPERS and certain other systems that permits movement of members to and from CalPERS without the loss of certain retirement rights. Contact CalPERS Member Services Division for information on reciprocity or request CalPERS brochure *When You Change Retirement Systems* (PERS-PUB-16).

If none of the above conditions apply, you will cease to be a CalPERS member and you will lose your second-tier service credit. Should you later become a CalPERS member, your second-tier service credit may be restored in full after you have been credited with at least one year of service under the second-tier formula.

Redepositing Withdrawn Contributions

If you return to CalPERS membership and you took a refund for other service besides second-tier, you may be eligible to redeposit your contributions, plus interest, and restore corresponding service credit. You may also be eligible to redeposit your contributions if you become a member of another California public retirement system which has reciprocity with CalPERS. If you are thinking about retiring soon, you should submit your request to redeposit as early as possible in order to avoid delays in your retirement

processing. Please be aware that your election to redeposit must be done prior to your effective date of retirement.

For information on other types of additional service credit that may be available to you, see our booklet *Service Credit* (PERS-PUB-12), or contact the Member Services Division.

To Receive An Estimate

If you are considering retirement within three to five years and you are at least age 47, CalPERS can prepare an estimate of your allowance for you. This will tell you approximately what your allowance would be under the options available to you. You may request an estimate by mail by completing a Retirement Allowance Estimate Request (PERS-BAS-1), available from your employer or CalPERS. We will need the following information:

- your name;
- birthdate;
- Social Security number;
- mailing address;
- tentative date(s) of retirement;
- your beneficiary's birthdate and their relationship (if you wish estimates for Options 2, 2W, 3, 3W, or 4);
- whether you have ever received a CalPERS monthly allowance;
- whether you have:

1. a spouse to whom you will have been married for at least one year prior to your effective date of retirement, or if no such spouse;
2. unmarried children under age 18, or any unmarried child who was disabled prior to age 18 and has remained disabled continuously since then, or if no such children;
3. dependent parents.

Remember, you must still file an application for retirement if you wish to retire (see the section on Applying For Retirement).

Choosing A Retirement Plan

At retirement you may choose to receive the highest allowance (called the unmodified allowance) or you may take a reduction and choose one of the six optional settlements. These are explained in your member booklet.

Regardless of the retirement plan you choose, upon your death CalPERS will pay a \$2,000 retired member death benefit to a named beneficiary.

Applying For Retirement

You must complete and file with CalPERS an Application For Service Retirement (PERS-BAS-369S), available from your Personnel Office. You may, at that time, request calculations for the unmodified allowance and all the options.

To ensure timely processing, submit your application to CalPERS at least 90 days before you intend to retire. The retirement law provides that a member's effective retirement date can be no earlier than the first of the month in which the application is received, except in special circumstances.

If you leave your CalPERS-covered job and join a reciprocal system, you will become a member of both systems. When you retire, you must apply for retirement from each system separately. For further information on reciprocity, please see the brochure *When You Change Retirement Systems* (PERS-PUB-16).

If you are married, you may be asked to provide a copy of your marriage certificate. If you plan to name a

beneficiary to receive a monthly allowance, you will also have to present proof of your beneficiary's date of birth. Copies of required documents are acceptable.

Approximately 30 days prior to your retirement date, you should receive an Election Of Optional Settlement And Beneficiary Designation (PERS-BAS-898). Carefully read all the information and select one of the optional settlements or the unmodified allowance. Both you and your spouse must sign the form in the presence of a notary public or an authorized CalPERS representative, and promptly return it to CalPERS headquarters in Sacramento.

Other Considerations

Health Insurance

To participate in this program as a retiree, you must be enrolled in a CalPERS-sponsored health plan on the date of your separation from employment.

If you retire within 30 days after separation from employment, your health coverage will automatically continue.

If you retire more than 30 but within 120 days of separation from employment, your health coverage will not automatically continue. However, you may re-enroll in your health plan. Contact the CalPERS Health Benefit Services Division as soon as you are advised of your retirement date.

If your effective date of retirement is more than 120 days after separation from employment, or you are not enrolled at the time of separation, you are not eligible to be enrolled at retirement or any future date.

If upon retirement you are eligible for Social Security Medicare benefits (after age 65), state law prohib-

its your continued enrollment in the "Basic" plan. You must enroll in the Supplement To Medicare for the CalPERS-sponsored plan in which you are enrolled. Contact the CalPERS Health Benefit Services Division after receiving your federal Medicare card to determine your eligibility and to coordinate the effective date of your Supplement To Medicare coverage.

The state will contribute to the cost of your health benefits coverage based on the date you were first hired by the state and your years of credited service.

- If you were first hired prior to January 1, 1985, the state will contribute fully toward your health insurance, regardless of your years of service.
- If you were first hired on or after January 1, 1985 but before January 1, 1989, and you have 10 years or more of total service credit, the state will contribute fully toward your health insurance. Otherwise, the state's contribution will be prorated according to your years of service.
- If you were first hired as a represented employee on or after January 1, 1989, or as a nonrepresented employee on or after January 1, 1990, and you have 20 years or more of state service, the state will contribute fully toward your health insurance. Otherwise, the state's contribution will be prorated according to your years of state service (a minimum of 10 years state service is required).

If your family members are enrolled as dependents at the time of your death, their enrollment will be continued automatically if they receive a monthly allowance from CalPERS. The state's contribution will also continue. If their monthly allowance does not cover their share of the premium, CalPERS will

notify them of their options. If they do not receive a monthly allowance, they may continue their coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA) program (contact your Personnel Office for details and COBRA enrollment forms).

Surviving family members' eligibility for health coverage can change due to various circumstances. For example, a spouse who is receiving a 1959 Survivor Benefit may experience an interruption in health coverage due to the loss of eligibility for dependent children. The spouse may re-enroll upon regaining eligibility at age 62. For more information on eligibility, call the CalPERS Health Benefit Services Division.

Dental Benefits

State employees receiving a retirement allowance from CalPERS and who retire within 120 days of separation from employment are eligible for dental benefits.

Continuation of your dental coverage into retirement is not automatic. Your current Personnel Office must complete a new Dental Plan Enrollment Authorization form (STD. 692). Send the completed form to CalPERS 30 days prior to your retirement. If you do not enroll at the time of retirement but choose to remain as a dependent and later lose other State-sponsored dental coverage, you may enroll during a future Open Enrollment Period.

Vision Plan

Vision coverage is not available in retirement. You may continue the insurance through COBRA.

Cost-Of-Living Adjustments

A special provision in your retirement plan allows for cost-of-living increases. The first adjustment will be made in the second calendar year following your retirement and annually thereafter. Currently, these increases are fixed at 3% compounded annually.

Inflation Protection

Added protection against inflation is provided by the Purchasing Power Protection Account (PPPA), created to restore an annuitant's monthly allowance to 75% of its original purchasing power.

You will automatically receive PPPA supplemental payments (paid quarterly) if your allowance falls below the 75% purchasing power level and there are funds in the PPPA account. Current experience shows that it takes about 10 years after retirement before becoming eligible for PPPA payments.

Temporary Annuity

A temporary annuity is an additional monthly income you may choose to augment your pension from CalPERS. This additional benefit may enable you to coordinate your CalPERS benefit with other income you may receive from deferred compensation or Social Security, and may allow you to retire earlier.

The temporary annuity benefit is payable from your retirement date to a specific age that you select from 59½ or any whole age from 60 to 68. You can also designate the dollar amount you wish to receive. The benefit is not free, however. Your lifetime retirement allowance is reduced to pay for your temporary annuity.

In order to be eligible for temporary

annuity benefits you must retire with a service retirement. You are not eligible for the temporary annuity benefit if you apply for a disability retirement.

For more information on who qualifies and the cost and benefits under this plan, see CalPERS brochure *Temporary Annuity* (PERS-PUB-13).

Taxes

Your benefits will be subject to both state and federal withholding. You will be given the opportunity to make an election regarding withholding.

At retirement, we recommend that you make an appointment with representatives from the Internal Revenue Service and State Franchise Tax Board, or your private tax consultant or attorney, to obtain information regarding the taxability of your retirement allowance. CalPERS will provide any information you may need in this matter. For more information request CalPERS brochure, *Taxes And Your Retirement* (PERS-PUB-34).

Social Security

If you have ever contributed to Social Security, check with your local Social Security office to determine what your benefits may be under that program.

Working After Retirement

After your service retirement, you may work for private industry without affecting your retirement allowance.

Before you enter into CalPERS-covered employment, check with CalPERS on how this would affect your retirement status.

If you retire for disability, your allowance can be reduced by outside employment. Request CalPERS brochure *Disability Retirement* (PERS-PUB-10) for more information.

Reinstatement To Membership

If you wish to accept employment requiring membership in CalPERS, you must be reinstated from retirement.

The retirement law requires that CalPERS approve your reinstatement before it becomes effective. You will have to comply with certain requirements to be reinstated. When your reinstatement becomes effective, you will stop receiving your allowance until you retire again. Reinstatement will affect future benefit payments and cost-of-living allowances. You must contact CalPERS prior to reinstating.

Sick Leave Credit

At retirement, any unused sick leave you have will be converted to additional service credit. You will receive credit for each day of unused sick leave certified by your employer. It takes 250 days of sick leave to receive one year's service credit. For example, if your employer certified 120 days, your additional credit would be $120 \div 250$, or .480 of a year's service credit. This adjustment is calculated after your retirement and paid retroactively to your retirement effective date.

To receive sick leave credit, your retirement date must be within 120 days from the date of separation from the employer granting the sick leave.

Changing Beneficiaries After Retirement

A change in your marital status, the birth or adoption of a child, or the death of your named beneficiary may, by law, change your beneficiary designation.

You may change your designation for Option 1, the retired death benefit, or any unpaid temporary

annuity payments at any time by filing a Beneficiary Designation For Death Benefits After Retirement (PERS-PRS-509).

Re-election Of Option After Retirement

There are certain situations under which you may re-elect an option after retirement. Such re-election will result in a reduction to your allowance.

- If you choose the unmodified or Option 1 allowance, you may elect to receive an optional settlement naming your new spouse as beneficiary. Contact CalPERS immediately for the most current provisions of the law.
- If you choose Option 2, 2W, 3, 3W, or 4, and your beneficiary dies, you may elect to receive an optional settlement and name a new beneficiary.

Power Of Attorney

CalPERS has a Durable Special Power Of Attorney form for use by members and beneficiaries. The Power Of Attorney enables the member or beneficiary to appoint another individual to deal with CalPERS on his or her behalf. The appointed individual may select a retirement option and/or a beneficiary on behalf of the member, change the mailing address, sign tax withholding forms, and conduct other retirement business on behalf of the person making the appointment. Because of the broad power granted by the Durable Special Power Of Attorney, CalPERS recommends that you consult an attorney prior to signing this document.

The Power Of Attorney will not lapse should you subsequently become mentally incapacitated,

unless specified on the form. If a member or beneficiary becomes mentally incapacitated and a Power Of Attorney form has not been completed, a conservator of the estate may be required before any necessary CalPERS business can be conducted on behalf of that member or beneficiary. For more information please see our brochure *The Power Of Attorney* (PERS-PUB-30).

Please note that for some purposes, such as the election of a retirement option or the designation of a beneficiary, CalPERS will not accept Powers Of Attorney which are not on the CalPERS form. Even if you have already signed a Power Of Attorney document, you should obtain and sign the Power Of Attorney form provided by CalPERS. The laws regarding Powers Of Attorney change from time to time, making it important to have a current form on file with CalPERS. These forms may be obtained from CalPERS.

While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.

Headquarters Telephone Numbers

| | Public |
|--|----------------|
| Annual Member Statements | (916) 326-3141 |
| Refund Of Contributions | (916) 326-3232 |
| Death Notification | |
| Active Member | (916) 326-3232 |
| Retiree | (916) 326-3848 |
| Health Benefits | (916) 326-3604 |
| Redeposits And Additional Service Credit | (916) 326-3141 |

Telephone Information Centers

| | |
|--------------------------------|----------------|
| * Benefit Application Services | (916) 326-3232 |
| * Post-Retirement Services | (916) 326-3848 |
| * Member Services Division | (916) 326-3141 |

TDD Numbers

| | |
|----------------------|----------------|
| Information | (916) 326-3000 |
| Benefits Information | (916) 326-3240 |

* These numbers are available to leave an inquiry 24 hours a day, seven days a week.

Fax Numbers

| | |
|---------------------------------------|----------------|
| Benefit Application Services Division | (916) 326-3934 |
| Post Retirement Services Division | (916) 326-3933 |
| Health Benefits Services Division | (916) 326-3935 |
| Member Services Division | (916) 558-4019 |
| Field Services Division | |
| Los Angeles Regional Office | (310) 231-3480 |
| Sacramento Regional Office | (916) 326-3176 |
| San Francisco Regional Office | (415) 396-9776 |
| Fresno Regional Office | (209) 433-0196 |
| Orange County Regional Office | (714) 935-2628 |
| San Bernardino Regional Office | (909) 383-6882 |
| San Diego Regional Office | (619) 220-5457 |
| Mountain View Regional Office | (650) 428-0279 |

Please Note: when corresponding with the System, always include your Social Security number in your letters and on your documents for identification purposes. Please do not send Social Security numbers via e-mail.

About the cover:

Giant Kelp; *Macrocystis pyrifera*

Thousands of tons of kelp are harvested along the California coast each year. Giant kelp is one of our renewable resources, and it produces a substance known as algin which is commonly used in the making of ice cream, gels, icings and cosmetics. Growing as long as 150 feet, this kelp forms giant "groves," providing an important habitat for many marine life.

CalPERS Addresses

Sacramento Regional Office (Headquarters)

Linclon Plaza, 400 P Street,
Room 1490
Sacramento, CA 95814
Telephone: (916) 326-3630

Los Angeles Regional Office

11766 Wilshire Blvd., Suite 1600
Los Angeles, CA 90025
Telephone: (310) 231-3464

San Francisco Regional Office

301 Howard St., Suite 2020
San Francisco, CA 94105
Telephone: (415) 396-9700

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720
(209) 433-0164

Orange County Regional Office

500 Orange Tower
500 North State College Blvd.,
Suite 730
Orange, CA 92668
Telephone: (714) 935-2625

San Bernardino Regional Office

Lakeside Tower, 3rd Floor
650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408
Telephone: (909) 383-4431

San Diego Regional Office

7676 Hazard Center Dr., Suite 350
San Diego, CA 92108
Telephone: (619) 220-5454

Mountain View Regional Office

650 Castro Street, Suite 240
Mountain View, CA 94041
Telephone: (650) 428-0112

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Booklets PUB-4A, PUB-4B